

MULTIMEDIA



UNIVERSITY

STUDENT ID NO

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# MULTIMEDIA UNIVERSITY

## FINAL EXAMINATION

TRIMESTER 2, 2015/2016

**BCP3054 – COMPARATIVE ECONOMICS**

( All sections / Groups )

7 MARCH 2016

9.00 a.m. - 11.00 a.m.

( 2 Hours )

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### INSTRUCTIONS TO STUDENTS

1. This question paper consists of **TWO (2)** printed pages with **FOUR (4)** structured questions.
2. Marks are shown at the end of each question.
3. Write all your answers in the answer booklet provided.
4. Answer all questions.

**Question One (25 marks)**

- (a) Adam Smith argued that if individuals were given free rein to pursue their own selfish interests, the invisible hand of competitive markets would cause them to behave in a socially responsible manner. Discuss. (8 marks)
- (b) Using the production possibilities frontier (PPF) diagram, compare and contrast static and dynamic efficiencies. (11 marks)
- (c) According to Marx, as Lenin later elaborated, socialism would evolve in two stages. Critically evaluate the TWO (2) stages. (6 marks)

**Question Two (25 marks)**

- (a) Elaborate how the Central Planning Board (CPB) will set price in a planned socialist economy by Lange's trial and error pricing method. (6 marks)
- (b) Why is the United States' labour market considered as 'flexible'? (6 marks)
- (c) How does Confucianism impact on the role of governments in Asia? Discuss with respect to the history of governments in Asia. (13 marks)

**Question Three (25 marks)**

- (a) How is foreign trade conducted in the Soviet Union? (5 marks)
- (b) Describe the regional competition and experimentation that occurred in China's M-form and compare it with the Soviet Union's way of organizing the government. (20 marks)

**Question Four (25 marks)**

- (a) Critically analyse the importance of initial conditions of planned economies in determining the success of privatisation. (10 marks)
- (b) The principles prohibition of interest rates, the *zakat* system and Islamic moral norms have impacts on the economies of countries that practice these principles. Elaborate. (15 marks)

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